CHAPTER V

SUGGESTIONS AND CONCLUSION

5.1 Conclusion

This study was conducted to analyze the existence of volatility spillovers and the leverage effect from the main global stock market on the Indonesian stock market in the period before the COVID-19 pandemic and during the COVID-19 pandemic. The sample in this study is 782 return data from each stock market index (Indonesia, USA, Japan, Hong Kong and Singapore) for the period January 1, 2017 to December 31, 2019 for the period before the COVID-19 pandemic and also 523 return data from each stock market index (Indonesia, USA, Japan, Hong Kong and Singapore) for the period January 1, 2020 to December 31, 2021 for the period during the COVID-19 pandemic.

The researchers come to the following conclusions based on the findings of their research: based on the model formed, the results show that there are volatility spillovers from each of the foreign stock markets, namely the USA, Japan, and Singapore but there is no leverage effect in the period before the COVID-19 pandemic except Hong Kong stock market who have volatility spillovers and leverage effect to Indonesia stock market, which means that the volatility spillovers from the stock market (USA, Japan and Singapore) against Indonesia in the period before COVID-19 generated more positive news than negative news and volatility movements that occurred were in line with the return movements and the opposite for Hong Kong stock market.

Meanwhile, during the COVID-19 pandemic, there were volatility spillovers from each foreign stock market, namely the USA, Japan, Hong Kong and Singapore and there was also a leverage effect, which means that volatility spillovers from the stock market (USA, Japan, Hong Kong and Singapore) toward Indonesia stock market in the occurrence of COVID-19 is generated more from negative news than positive news and the volatility movement that occurred was not in line with the return movement.

Significant volatility spillovers between stock exchanges causes performance among the stock exchanges to be correlated with one another and the existence of a leverage effect can affect risk in stock investment, where the greater the leverage effect, the greater the level of risk because the greater the level of volatility.

5.2 Research Implications

1. **Theoretical Implications**

   This study adds to empirical evidence that there is volatility spillovers and there is no leverage effect from the United States, Japan, and Singapore stock markets on the Indonesian stock market except Hong Kong who have volatility spillovers and leverage effect in the period before the COVID-19 pandemic and there is volatility spillovers and also the leverage effect from the United States, Japan stock markets. , Hong Kong, and Singapore on the Indonesian stock market during the COVID-19 pandemic

2. **Investor Implications**

Before making current investing decisions, it is especially important for investors who need to monitor changes in stock returns and shocks that occurred in earlier times. This is required so that investors can control and limit the market risk of the traded asset. As a result, investors may be cautious in making investment decisions, such as whether an investor must release or hold his assets.

3. **Government Implication**

Once it has been established that the investor who is perpetrating the investment is easily influenced by negative market sentiment, the implications of policy perpetration authority are required to maintain the market's condition in the event of negative sentiments, such as macroeconomic factors and their negative market issues. This is essential because negative sentiment might alter a component of interest for investors by resulting in an overstock and return volatility.

5.3 Research Limitations

This research is limited to a relatively short period of time to examine the COVID-19 pandemic, which is not finished. There are also many stock markets out there from big countries that are likely to provide volatility spillovers to the Indonesian stock market. Furthermore, this study only uses one method of

Asymmetric GARCH which is actually much more

5.4 Suggestions

Based on the conclusions and limitations of the research that has been described, the authors provide several suggestions which can later be considered as follows:

1. Try to analyze the volatility transmission from the other stock markets like from emerging stock market
2. Using another Asymmetric GARCH method as a comparison of research results
3. Conducting research in the period after COVID-19 ends